

RIM TRAIL DOMESTIC WATER
IMPROVEMENT DISTRICT

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Minutes of the Special meeting of the Board of Directors on 3-23-13

The Board of Directors of Rim Trail Domestic Water Improvement District met in special session on Saturday , March 23, 2013. The meeting was held at Station 71 of the Whispering Pines Fire Department located at 10603 N Houston Mesa Rd., in the community of Whispering Pines north of Payson Arizona.

The call to order was made by acting Chairman Don Nelder at 10:05 AM. The board members present were Acting Chairman Don Nelder and Ray Tanner. A quorum was confirmed.

Also present were RTDWID General Manager Harry Jones, Dick Johns and Gary Cabirac, property owners in Rim Trail.

Don Nelder referred to the minutes of the previous meeting held on 12-13-12 and asked if all attendees at read them prior to coming to the meeting. All present confirmed that they had and that since they were quite long, it was not necessary to read them again. The minutes were approved as read by a unanimous vote.

Don Nelder presented the Treasurers' report through the end of February 2013. He noted that the reserves on hand had declined from a high of \$48336.71 at the end of November 2012 to \$44691.33 at the end of February 2013. He suggested that we should take note of that trend and address it in the upcoming budget remarking that we still have a lot of work to do regarding balancing our cash flow. The Treasurers' report was accepted as read and passed by a unanimous vote.

As the community is aware, the former chairman Buddy Rice resigned from the board February 5, 2013 causing a vacancy that needed to be filled. The district sent out notices and invitations to all property owners within the jurisdiction of RTDWID inviting all those interested in filling the current vacancy to send letters of interest to the district mailing address. We received three letters of interest from Rim Trail property owners, all of whom bring a wealth of talent to the position to be filled. Those responding with a letter of interest were Dick Johns, Gary Cabirac and Mike Foracis. Don Nelder invited Dick Johns and Gary Cabirac, who were present at the meeting, to verbally present their statements as to why they wanted to volunteer for the board position to be filled. Board members, Ray Tanner and Don Nelder then

responded to each of them as well and discussed what they, as board members were looking for in the person to fill the vacancy. Don Nelder mentioned that the board needed members who could think as individuals and engage in debate, if necessary, while remaining friends at the end of the meeting. Ray Tanner mentioned that the immediate need of the board was to have someone with a legal background, if possible, since the board was facing legal issues like expanding the board from 3 to 5 members as well as the Payson pipeline coming through Rim Trail in the future.

The Board proceeded with conducting business that required a vote to finalize it. Therefore, in compliance with section 5.0 of the bylaws of RTDWID pertaining to the election of Officers of the Board and District Staffing for the calendar year 2013 the following motions were made and voted on by the Board members present at the BOD meeting held at the Whispering Pines Fire Department on March 23, 2013.

Ray Tanner moved, seconded by Don Nelder, that Dick Johns be accepted on the board to fill the vacancy created by the resignation of former chairman Buddy Rice. The motion passed unanimously. Therefore, based on the vote taken Dick Johns is approved by the BOD of RTDWID to fill the unexpired term of office of Buddy Rice and to fill the office of Chairman of the BOD of RTDWID and to serve at the pleasure of the BOD of RTDWID for the balance of the calendar year of 2013 or until another Chairman is approved. Dick Johns will assume the chairmanship of the board after he is duly sworn in and his presence on the board is reported to the Board of Supervisors of Gila County.

At this juncture, Don Nelder encouraged those who had sent letters of interest to the board of directors to please still keep themselves available. If we are successful in expanding the board of directors to a total of five members we still want and need them to come on board.

The next item referred to the election of officers to fill the position of Secretary and Treasurer. Don Nelder has been the Treasurer and acting Secretary since coming on the board in November of 2011. Ray Tanner has been an active participant in reviewing the finances of the district and offering suggestions to improve the performance. Ray has expressed an interest in filling the position of Treasurer therefore the following motion was introduced by Don Nelder. Motion made by Don Nelder that Don Nelder fill the office of Secretary and that Ray Tanner fill the office of Treasurer. The motion was seconded by Ray Tanner. The motion passed unanimously. Therefore, based on the vote taken Don Nelder is approved by the BOD of RTDWID to fill the office of Secretary and Ray Tanner is approved to fill the office of Treasurer of the BOD of RTDWID and to serve at the pleasure of the Board of RTDWID for the balance of the calendar year of 2013 or until another board member is approved for either of their respective positions.

Ray tanner introduce a motion to approve Harry Jones as the district manager for the balance of the calendar year of 2013. The motion was seconded by Don Nelder. The motion is as follows: Based on the vote taken Harry Jones is approved by the BOD of RTDWID to fill the office of the District Manager and to serve at the pleasure of the BOD of RTDWID for the balance of the calendar year of 2013 or until further notice from the board. In addition, the following persons will, at the pleasure of the Board, fill the stated positions for the balance of the calendar year of 2013 or until further notice from the board. Currently Pat Watson is a part-time staff member, hired by HDJ, to do data entry and secretarial duties related to RTDWID. All staff members are engaged as independent contractors and provide similar services to other

entities or organizations. Under no circumstances shall these staff members be considered as employees of RTDWID for purposes of employee benefits, the collection of State and Federal income, employment or unemployment taxes. These aforementioned staff members hereby agree to be solely responsible for said benefits and tax obligations. Further, it understood and agreed that each independent contractor shall provide his/her own workmen's compensation insurance and will provide a certificate of same upon request. The vote was taken and the motion passed unanimously.

Subsequent discussion followed regarding the desire of the board to expand from the current three members to five members. This is a legal issue that has been explored in the past by Ray Tanner with Steve Wene the attorney referred to Ray by the Rural Water Users Association. Ray suggested that Dick Johns pursue that issue with Steve Wene to determine the best way to accomplish this task. Dick Johns agreed to proceed immediately to solve this issue. Ray Tanner then made the following motion. Moved by Ray Tanner and seconded by Don Nelder , that the Board of Directors authorize Dick Johns to immediately proceed talking with a lawyer, experienced in such matters, and to proceed investigating how we can expand the board from three members to five members and report back to the board with his results. The motion passed unanimously.

Ray Tanner introduced a motion regarding investigating the possibility of assessing an availability fee (charge) on all property owners in the District of RTDWID. Since RTDWID is a utility it must provide water availability to all parcels in the water district. There is a basic cost to providing the water to each property line. This basic cost should be shared by all property owners. Therefore, the motion is as follows: It is moved by Ray Tanner and seconded by Don Nelder that Dick Johns, at the request of the BOD of RTDWID, investigate and report back to the Board what action is necessary to assess the equivalent of an availability fee (charge) on each property parcel within the jurisdiction of RTDWID. It is the desire of the Board that such assessment be fair and equitable to all property owners considering that all property owners have the availability of the water system now or at some time in the future and that it is only equitable that all property owners share in the system upgrade and maintenance costs. In addition, it is the desire of the Board that said availability fee (charge), to the extent possible, shall be equal for each property parcel or to the extent that a single property parcel is entitled to more than one meter then the fee (charge) to be equal per parcel times the number of meters to which the parcel is entitled. Don Nelder seconded the motion. The motion passed unanimously.

Ray Tanner introduced the following motion to provide funding for legal expenses related to investigating the expansion of the Board and the availability fee (charge) to apply to all property parcel owners in the District of RTDWID. Move by Ray Tanner and seconded by Don Nelder, that the Board Chairman and the Treasurer are authorized to approve up to One Thousand Dollars (\$1000.00) for legal expenses to investigate and/or implement the expansion of the Board from three members to five members and to investigate and/or implement an availability fee (charge) on each property parcel within the jurisdiction of RTDWID. The motion passed unanimously.

Following the above motions there was a brief discussion relating to setting the time for the next Board meeting to be held at the Whispering Pines Fire Department. This next meeting will be held to present the

proposed budget for the 2013-2014 fiscal years. There will be opportunity of public input and input from other board members regarding the proposed budget. Any changes that are agreed upon will be incorporated in the final budget to be presented at a subsequent Board meeting. The following motion was made. Ray Tanner moved , seconded by Don Nelder, that the initial 2013-2014 budget hearing be set for April 27th at 1 PM and said meeting to be held at the Whispering Pines Fire Department. The motion passed unanimously.

At 12:05 Pm a motion to adjourn was made by Don Nelder, seconded by Ray Tanner. The motion passed unanimously.

Respectfully submitted by Don Nelder

Secretary of RTDWID.

DRAFT